

Frequently Asked Questions (FAQs) Salaried Retiree Health Care Update Meetings October 2006

This is a compilation of FAQs chosen from the questions presented during the retiree meetings held in October 2006. Questions related to your personal circumstances or about the enrollment process should be directed to the Enrollment Center at 1-888-242-1389 during the Options! Enrollment (October 23 – November 10, 2006) or to the National Benefit Center at 1-866-335-7444 (TDD: 1-888-688-2860) after the enrollment period has ended. Questions regarding covered services under the various health care plan options should be addressed to the health care plan, using the customer service phone number or website address provided on the health plan's benefit summary available through the enrollment website during enrollment or on the National Benefit Center website after the enrollment period has ended.

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Post Age 65 Retiree and Dependent Health Care Provisions

1. I turn 65 in the middle of 2007, how does this impact me?

You're still covered under Delphi health care coverages until you become Medicare eligible in the normal course (currently, age 65). You should participate in the Options! Enrollment to make your health care elections for the portion of the year that you will still have Delphi health care coverages.

Approximately 3 to 4 months prior to turning age 65, you will receive a letter from Delphi about Medicare, AARP/UnitedHealthcare (UHC) Medigap and Medicare Rx coverage and the Health Reimbursement Account. In addition, you will receive information from Medicare regarding Medicare Part A and B, UnitedHealthcare regarding the AARP/UHC Medigap and Medicare Rx coverage, and the National Benefit Center will mail a letter to you requesting a copy of your Medicare card. The National Benefit Center will also send an enrollment kit and Notice of Creditable Coverage to you approximately 2 to 3 months before you lose Delphi health care coverages. In addition, approximately 1 to 2 months before you turn 65, WageWorks will mail information to you about the Health Reimbursement Account (if eligible). You may also receive information from individual, private insurance companies regarding their Medicare Part D, Medigap or Medicare Advantage plans.

You will have decide if you want to enroll in Medicare Part B, Medicare Part D (prescription drug coverage), Medigap or Medicare Advantage (Medicare Part C, which generally includes prescription drugs) coverage to fill the gaps of hospital/medical coverages that aren't covered by Medicare Parts A and/or B, as well as, you need to determine if you want to continue dental, vision and Extended Care Coverage (ECC), if eligible, through Delphi for yourself and any eligible dependents. If you have a spouse that is under age 65, you will

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also need to decide if you want to continue medical coverage for your spouse through Delphi.

2. What if the retiree has Medicare already but is not age 65?

You continue to have Delphi health care coverages as you do today until the first of month in which you turn age 65. Retirees who are already age 65 are affected by these changes effective 1/1/07.

3. If the retiree does not have Medicare (in the normal course), but his/her spouse/dependent does, does his/her spouse/dependent lose Delphi medical coverage?

No, not until the retiree becomes Medicare eligible in the normal course (currently, age 65).

4. My spouse and I are both Delphi retirees, and we currently have our own Delphi health care coverage. One of us will turn age 65 and be eligible for Medicare before the other. Can the older one be covered as a dependent on the non-Medicare eligible retiree's coverage?

Yes. However, we offer this word of caution: The Medigap rules say you have 6 months to elect a Medigap plan after you first become enrolled for Medicare Part B. Additionally, if you choose not to enroll for Medicare Part B when you are first eligible, you may have to pay a higher premium when you do enroll. Both of these Medicare provisions have exceptions that may apply. You should consult the Medicare publications entitled, "Medicare & You" and "Choosing a Medigap Plan" to determine if you might qualify for these exceptions. It is important that you understand these rules so you can decide whether or not to enroll in Medicare Part B and get a Medigap policy now to prevent being denied for these coverages later on and/or having to pay a penalty for enrolling after your Medicare Part B/Medigap enrollment period. In respect to Medicare Part D, similar enrollment rules apply; however, in general, if you have what is called "creditable coverage" (such as Delphi's prescription drug coverage); you are usually eligible to enroll in a Part D plan without restrictions as long as you enroll within 60 days of losing creditable coverage. As with Medigap, you should consult the Medicare publications to determine your eligibility for any exceptions to normal Part D enrollment rules.

5. I'm already age 65 and have Medicare and my spouse will become eligible for Medicare on 2/1/07. Will my spouse have a one-month gap in health care coverage?

No. The age 65 retiree will lose Delphi medical coverage and Medicare will become effective 1/1/07 (you may also choose to purchase Medigap coverage, Medicare Part D or a Medicare Advantage plan). Your spouse would continue to have Delphi medical coverage for January, and then would be covered under Medicare effective 2/1/07 when he/she loses Delphi medical coverage.

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6. When my spouse retires, he/she loses health care coverage from her employer. Can I enroll my spouse in Delphi health care coverage after I lose my Delphi health care coverages when I become Medicare eligible due to age?

No. Once your Delphi health care coverage has ceased (as a result of becoming eligible for Medicare in the normal course), you may not re-enroll yourself or any dependents in Delphi health care coverages.

7. As the retiree, I'm age 65 and have Medicare but my spouse is younger. Do I still need to select a health care option through the Delphi annual enrollment for my spouse?

Yes. However, instead of selecting coverage under the "you and spouse" option listed for medical coverage, you will only have the "spouse only" option. For dental, vision and ECC (if eligible), you will have the normal family status options, and would be able to elect coverage for you and your spouse. Note: The retiree must elect dental, vision and ECC (if eligible) for themselves, in order to continue these coverages for their spouse/dependent.

8. What is the cost of Delphi health care coverages for my non-Medicare spouse who is under age 65 if I'm already age 65?

Instead of paying the two-party monthly contribution for medical coverage for you and your spouse, you will be charged for single-party coverage for your spouse, which is about half the cost of two-party coverage. For the actual medical coverage contribution amount, refer to the Options! Enrollment website. For dental, vision and ECC (if eligible), the retiree would pay the full cost to continue these coverages for him/herself, their spouse and/or any dependent(s) – refer to question 37 or the enrollment website.

9. If I become Medicare-eligible in the middle of the year, will my spouse continue on the same health care plan?

It depends. If you and your spouse are enrolled in one of our self-insured plans, such as the Comprehensive Savings Plan (CHSP) or the Enhanced Medical Plan (EMP), your spouse will continue to be enrolled in the same medical plan (if desired) when you turn 65. If you and your non-Medicare eligible spouse are enrolled in the Point of Service (POS) plan, your spouse can remain in the POS when you turn 65. However, if you and your spouse are enrolled in a HMO when you turn 65, your non-Medicare spouse will need to elect a new plan such as the CHSP, EMP or the POS. The monthly contribution you pay will change to the appropriate rate (e.g., it will change from a two-party (you & spouse) rate to a single party (spouse) rate).

10. Why can't I enroll my spouse or children in an HMO if I am Medicare-eligible?

When we approached our HMOs about continuing coverage for a spouse or dependent only without the Delphi retiree, the vast majority of our HMOs said they could not administer this for us. Therefore, age 65 Medicare retirees cannot enroll their spouse or dependents in a HMO.

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Medigap and Medicare Part D (Prescription Drug) Coverage

11. Is Medigap considered a supplement to Medicare?

Yes. Medigap fills in the "gaps" in medical and hospital services that Medicare Part A and B do not cover.

12. If you are Medicare eligible right now, do you have to sign up for Medigap?

No. However, if you don't enroll in a Medigap policy when you first become eligible, the carrier may charge you more due to medical underwriting and/or not cover you for medical services the first 6 months due a pre-existing condition, or deny you for Medigap coverage.

13. Do you need to sign up for Medicare Part D?

No. However, if you don't have prescription drug coverage through other means, you may want to consider enrolling in Medicare Part D. Unlike, Medicare Part A and B, the only way to get Medicare Part D is by signing up through a health care carrier/pharmacy benefit manager who has been approved by Medicare to offer Medicare Part D coverage. There is an open enrollment period for Medicare Part D coverage every year beginning November 15th for the upcoming calendar year. Additionally, if you don't sign up for Part D when first eligible, you may be subject to a cost "penalty" for Part D. Part D carriers will waive this "penalty" if you can demonstrate that you had "creditable coverage" within the 60 days preceding your enrollment. Delphi's prescription drug coverage is considered "creditable coverage" for this purpose.

14. Do you have to choose a Medigap policy and Medicare Part D (prescription drug) coverage with the same health care carrier?

No. You may have a Medigap policy and Medicare Part D coverage through different health care carriers.

15. Do I have to purchase the AARP/UHC Medigap and/or the AARP/UHC Medicare Rx coverage?

No. Other health care carriers offer Medigap and Medicare Part D (prescription drug) plans that will supplement your Medicare coverage. Delphi wanted to provide retirees with at least one option to supplement Medicare Parts A & B, if desired, so you wouldn't have to start from scratch. But if you don't enroll in a Medigap policy or Medicare Part D when you first become eligible, the carrier can charge you more for these coverages due to medical underwriting and/or not cover you for medical services the first 6 months due a pre-existing condition, or deny your enrollment.

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16. Do you have to join AARP to get the AARP/UHC Medigap coverage?

Yes. If you aren't already a member of AARP, UHC will pay the annual membership fee for your first year. You only have to be an AARP member the year in which you initially elect the AARP/UHC Medigap coverage.

17. If you purchase Medigap/Medicare Rx coverage through AARP/UHC, can you be billed monthly?

Yes. UHC has flexible billing arrangements. UHC can bill you monthly or you can have the Medigap/Medicare Rx premiums taken out of your checking account.

18. If I decline to purchase an AARP/UHC Medigap plan and/or AARP/UHC Medicare Rx plan initially, will I get another chance to enroll later on?

You can always enroll for a Medigap plan or a Medicare Part D (Prescription Drug) plan through AARP/UHC or another health care carrier later on. However, you may be subject to higher cost due to medical underwriting and pre-existing condition exclusions, and your acceptance is not guaranteed.

19. What drugs are covered under the AARP/UHC Medicare Rx plan and what drugs are considered preferred versus non-preferred brands?

The AARP/UHC Medigap & Medicare Rx enrollment kit that UHC will send to you prior to turning age 65 will include a copy of their drug formulary. The formulary will indicate which drugs you can obtain through UHC and which brand name drugs are preferred and non-preferred. When you're shopping for Medicare Rx carriers, you should ask each carrier for a copy of their drug formulary, if interested, because they may differ.

20. If I initially purchase Medigap Plan L, can I later change this to Medigap Plan B?

In general, your Medigap plan is considered an annual election. You can switch Medigap plans, but Medigap rules will apply. These rules and others are explained in "Choosing a Medigap Plan" on www.medicare.gov or check with your local Social Security Office for a copy of this publication.

21. What happens when you make a Medigap plan selection in the state you currently live in, and then move to another state?

The AARP/UnitedHealthcare (UHC) Medigap option is available nationwide, but not all 12 Medigap plans (A through L) are available in all states. There are rules pertaining to changing Medigap plans, and the booklet "Choosing a Medigap Policy" on www.medicare.gov explains these rules.

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Health Reimbursement Account (HRA) – formerly Transition Account

22. Why is there a difference in the HRA amounts (\$20,000 vs. \$10,000)?

When we announced this change in March 2005, the individuals who were already retired on or before 3/1/05 didn't have much time to prepare and save money for health care in retirement before these changes were implemented effective 1/1/07. Therefore, it was decided that they should have a larger HRA than those who retired after 3/1/05.

23. How long will the HRA last?

We'll set up the account at the point in time you lose your Delphi health care coverage when you become Medicare eligible in the normal course (currently, age 65). How long the HRA lasts, depends on when you start using it and how often you use it until it is exhausted.

24. Can you take Medigap, Medicare Part B, C or D premiums out of the HRA up front and use that money to pay for the coverage?

No. You have to pay the premiums first to Medicare and/or the Medigap/Medicare Part D carrier, and then submit documentation to WageWorks to receive reimbursement from your HRA.

25. Can you use the HRA to pay for spouse/dependent health care?

Yes, as long as it is used for premiums paid for other health care coverage such as Medicare Part B, C, D, dental, vision, ECC, and for post-tax contributions toward dependent coverage under another Employer Plan.

26. Do the retiree and their spouse both have to be age 65 before the HRA can be used?

No. The HRA can be used when the Delphi retiree becomes Medical eligible in the normal course (currently, age 65) and loses Delphi health care coverages.

27. Can I use the HRA to pay for hospital bills or other medical expenses?

No. Our intent was for you to use the HRA for health care premiums to replace the Delphi health care coverage that you are losing, rather than for direct medical expenses.

28. Can you use the HRA to pay for other health care coverage that is pre-taxed?

No. The HRA is not taxed. Therefore, if the money you use to pay for other health care coverage has not been taxed, you cannot use the HRA to pay for these coverages because the government would consider it to be double-dipping.

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29. When can you seek reimbursement from the HRA?

After you lose Delphi health care coverage as a result of becoming Medicare eligible in the normal course, you may seek reimbursement from the HRA whenever you like (e.g., monthly, quarterly, semi-annually, annually) – it depends on how much paperwork you want to fill out and how often. However, the premium must have been incurred in order to receive reimbursement. Premiums are not considered to be incurred until the month in which the coverage is effective. For example, if you pay for premiums 6 months in advance (January – June), you can't seek reimbursement for premiums paid for June coverage until June 1st or afterwards.

30. What happens to my HRA if I die? Does my spouse/dependent get it?

Any remaining balance in your HRA account may be used by your surviving spouse. If you don't have a surviving spouse, the HRA does not go to a dependent (other than your spouse) and it does not go to your estate.

31. Will the HRA reimburse me for the full Medicare Part B premium or will I only get reimbursement for the difference between the Medicare Part B premium and what Delphi pays as the Special Benefit?

Delphi will reimburse you only for the difference between the full Medicare Part B premium and the Special Benefit.

32. How does reimbursement work under the HRA through WageWorks?

You will have to submit documentation to WageWorks showing the premium amount you paid, and then WageWorks will reimburse you.

33. What kind of documentation will be required to get reimbursed under the HRA?

The documentation for the HRA is similar to that required for the health care flexible spending account when you were an active employee. The documentation needs to show the premium you paid and when. Since the HRA is a pre-tax account, you would be well advised to keep the documentation in the event that the IRS audits you.

34. How secure is the HRA and how is it funded?

The HRA is a notional account – it is not funded. Health care has never been funded; it is paid for as expenses are incurred. Delphi only puts cash into the HRA when the retiree seeks reimbursement.

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Dental, Vision, Extended Care Coverage (ECC)

35. When I turn age 65 and become Medicare eligible, how long do I have to elect dental, vision and ECC through Delphi?

The National Benefit Center will send an enrollment kit to retirees approximately 1 month before they become Medicare eligible in the normal course (currently, age 65). Consequently, the retiree will have the opportunity to elect the coverages before turning age 65, and it is expected that most retirees will make an election before their Delphi health care coverages end. In the event this does not occur, a retiree will have up to 60 days to elect dental, vision and ECC after losing Delphi health care coverage. If the election is made after the retiree loses Delphi coverages, the coverage(s) will be effective retroactive to the date you lost the coverage and all the required monthly contributions must be paid.

36. I'm age 65 and have Medicare and my spouse is younger, do I still have an annual enrollment through Delphi to add or delete dental, vision and ECC for my spouse?

If you declined ECC at the time of retirement, you cannot re-elect ECC for you and/or your spouse during the Options! Enrollment. Additionally, if you choose to decline dental or vision after you turn age 65, you will not be able to re-elect these coverages for you or your spouse. If you still have dental, vision or ECC, you can elect to continue dental, vision and ECC for you and your non-Medicare spouse through the annual enrollment process (Note: the retiree must elect these coverages in order to elect them for their spouse). Once you cancel these coverages, you can no longer re-enroll.

37. How much are the monthly contributions to continue dental, vision or ECC through Delphi?

For 2007, the full cost of these coverages per month is:

Dental (if eligible): \$44 retiree only, \$88 retiree + spouse, \$79.20 retiree + child(ren),
\$123.20 retiree + family

Vision (if eligible): \$3 retiree only, \$6 retiree + spouse, \$5.40 retiree + child(ren), \$8.40
retiree + family

ECC (if eligible): \$11 retiree only, \$22 retiree + spouse, \$19.80 retiree + child(ren), \$30.80
retiree + family

You may elect to purchase dental, vision or ECC independently of each of other or in any combination.

38. Are dental, vision or ECC contingent upon taking the AARP/UHC Medigap coverage?

No. These are considered separate elections.

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39. If I decide to continue dental, vision, and ECC through Delphi, will the monthly contribution be taken out of my retirement check?

Yes. The contributions will continue to be withheld from your retirement check provided that you have instructed Fidelity to do so at the time you retired.

40. You mentioned that custodial care is not covered under Medicare; does ECC through Delphi cover any of this?

Yes. ECC does cover up to \$35 per day for custodial care received from an approved home health care provider or approved nursing home. Connecticut General Life Insurance Company (aka, CIGNA) is the administrator and claims payer for ECC through Delphi. For more information refer to the Extended Care Coverage (ECC) Brochure available on the National Benefit Center website under Forms.

Other

41. Are the Delphi health care plan options the same for salaried employees and retirees?

Yes.

42. What's covered under Medicare Part B?

Outpatient surgeries, office visits, ambulance and lab/X-rays (refer to the slide in the 2006 retiree health care presentation).

43. What is the Special Benefit?

If you are eligible for Corporation contributions for health care in retirement (or would have been eligible except that you are eligible for Medicare in the normal course) and are enrolled in Medicare Part B, and are a retiree or surviving spouse receiving a Delphi Part A retirement benefit, Delphi will pay you \$76.20 a month in your retirement check towards your Medicare Part B premium. If you are enrolled in Medicare Part B and are not receiving the Special Benefit (if eligible), contact the National Benefit Center and mail a copy of your Medicare card to them.

44. What's the difference between copayments and coinsurance?

Copayments are flat dollar amounts that you pay toward the charge for the service (copayments are common with HMOs).

Coinsurance is a percentage of the charge that you are responsible for (coinsurance is common with self-insured plans). Usually coinsurance is used in conjunction with a deductible. For instance, in the Enhanced Medical Plan, the deductible must be met before the plan will pay anything (excluding certain preventive services when received in network), and once the deductible has been met, you are responsible for the applicable coinsurance amount.

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45. Can I continue to have Optional Life Insurance and/or Dependent Life Insurance for my spouse as a retiree who is age 65 or over?

Yes. The same life insurance benefits continue as they do today.

46. Is long term care coverage different from ECC?

Yes. Long Term Care (LTC) is a type of insurance policy designed to provide coverage for a variety of services, including assisted living facilities, nursing homes, adult day care and home health care. LTC provides a much broader range of covered services than ECC and there are a number of benefit levels that may be chosen. Delphi currently offers employees the opportunity to purchase LTC through John Hancock. If you elected this coverage while an employee and have maintained the premiums, you should address questions to John Hancock at 1-800-611-9532.